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JAN 15 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

BY HAND DELIVERY

Magalie Salas, Secretary  
Federal Communications Commission  
1919 M Street, Room 222  
Washington, D.C. 20554

Re: In the Matter of Implementation of the Pay  
Telephone Reclassification and Compensation  
Provisions of the Telecommunications Act of  
1996, CC Docket No. 96-128

Dear Ms. Salas:

Please find enclosed for filing an original and fourteen  
copies of the RBOC/GTE/SNET Payphone Coalition's Opposition to  
International Telecard Association's Petition for Partial  
Reconsideration in the above-captioned proceeding.

Please date-stamp and return the extra copy provided to the  
individual delivering this package.

Sincerely,

*Michael K Kellogg*

Michael K. Kellogg

Enclosures

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**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C.**

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**JAN 15 1998**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

In the Matter of

Implementation of the Pay Telephone	)	
Reclassification and Compensation	)	CC Docket No. 96-128
Provisions of the	)	
Telecommunications Act of 1996	)	

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**THE RBOC/GTE/SNET PAYPHONE COALITION'S  
OPPOSITION TO INTERNATIONAL TELECARD ASSOCIATION'S  
PETITION FOR PARTIAL RECONSIDERATION**

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The RBOC/GTE/SNET Payphone Coalition hereby opposes the petition for partial reconsideration filed by the International Telecard Association ("ITA Petition"). The ITA asks that its members be excused from paying per-call compensation to PSPs until they have the ability "to identify payphone calls and recover per-call payphone compensation charges from their customers." ITA Petition at 5.

The ITA's request should be denied. To grant its request "would be contrary to the congressional mandate that [the Commission] ensure fair compensation for 'each and every completed intrastate and interstate call.'" First Report and Order, 11 FCC Rcd 20541, 20586 [¶ 87] (1996). Moreover, the equities weigh strongly against ITA's request.

**I. ANY EXEMPTION FROM PER-CALL COMPENSATION WOULD BE  
CONTRARY TO THE CONGRESSIONAL MANDATE**

Section 276 of the Telecommunications Act of 1996 directs the Commission to "establish a per call compensation plan to ensure that all payphone providers are fairly compensated for each and every completed intrastate and interstate call using their payphone." 47 U.S.C.

§ 276(b)(1)(A) (emphasis added). The Commission has carried out that mandate by adopting a per-call default rate for coinless calls. Under the Commission's orders, this per-call compensation obligation is placed on facilities-based IXCs. Those IXCs are permitted to pass on such obligations to their customers, including debit card providers, but they are not required to do so. See First Report and Order, 11 FCC Rcd at 20586 [¶ 87].

Thus the ITA's request that “the Commission . . . preclude PSPs from assessing any per-call compensation charges on providers of prepaid services” until “prepaid carriers [can] identify payphone calls,” ITA Petition at 5, is incoherent. The ITA does not and cannot claim that its members are facilities-based providers. PSPs do not “assess” per-call compensation charges on debit card providers; it is the facilities-based IXCs that choose to impose those charges; if the ITA believes that the IXCs have imposed unfair and excessive charges, it is to those companies that the ITA should look for relief.

But even if the ITA Petition is generously construed as a request that the IXCs' obligations be waived on those calls made using prepaid calling cards, its Petition utterly ignores the requirements of Section 276 and the Commission's prior orders. Indeed, from the start of this rulemaking proceeding, resellers and debit card providers have sought special treatment, arguing, for example, “that the Commission should either exempt them on an interim basis from the obligation to pay compensation, or . . . 'grandfather' debit cards that have already been issued from the compensation obligation.” First Report and Order, 11 FCC Rcd at 20586 [¶ 87]. The Commission should deny ITA's petition for the same reason that it rejected these earlier requests: that to do so would violate the congressional mandate. As the Commission has stated:

[B]ecause Section 276 creates no exceptions for calls facilitated by resellers or debit card providers, such exemptions from the obligation to pay compensation, even on an interim basis, would be contrary to the congressional mandate that we ensure fair compensation for “each and every completed intrastate and interstate call.”

Id.

## **II. THE EQUITIES WEIGH STRONGLY AGAINST ITA'S PETITION**

The ITA nonetheless insists that special relief is warranted here because its members must recover charges from its customers at the time a payphone-originated call is placed. ITA Petition at 4. ITA further contends that because of the Commission's limited waiver of LECs' payphone-specific digit obligations, the ITA lacks the ability to identify payphone calls when the call is placed, and that its members will therefore be forced “either to (a) pay for such costs out of their . . . profit margins, or (b) increase rates for consumers for all prepaid calls.” Id. This in turn, ITA claims, poses a risk to consumers and to ITA's members.

This argument is singularly unpersuasive. First of all, it is wholly incredible that debit card resellers would simply absorb the costs of per-call compensation passed on to them by the IXC's. They will as a matter of course pass on such charges to their customers; but no company need suffer competitive injury, because all will be similarly situated.

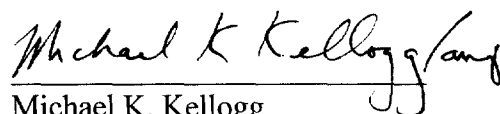
To the extent that debit card providers pass on such charges to their consumers on some basis other than a per-call charge, rates will naturally increase somewhat -- though ITA conspicuously declines to make any estimate of the magnitude of these increases. But those increases are in all events wholly justified, because the prepaid calling card is useful, in large measure, because payphones are available. The ITA does not and cannot dispute that its

members' business depends for its very viability on the widespread availability of payphones. It is thus entirely appropriate that consumers of such services bear a fair portion of payphone costs.

The exact mechanics of such charges is a matter for the market to determine. ITA members and the IXCs have any number of billing options available, including raising charges for the first minute of all calls, raising charges for the first minute of calls made from any restricted line, imposing the full per-call charge on those calls made from the majority of payphones that already transmit payphone-specific digits and raising per-minute charges slightly on all other calls, or some combination of these. Whatever options these companies pursue, the consumers of prepaid cards are sure to benefit more from the continued widespread deployment of payphones than they are to suffer from any slight increase in the overall rates they pay for this service. Cf. Memorandum Opinion and Order, CC Docket 96-128, DA 97-2622 ¶ 12 (rel. Dec. 17, 1997).

For these reasons, ITA's Petition should be denied.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Michael K. Kellogg", with a horizontal line drawn underneath it.

Michael K. Kellogg

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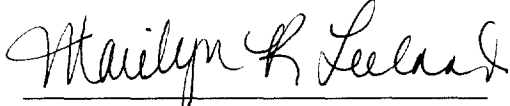
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January 15, 1998

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of January, 1998, I caused copies of the foregoing RBOC/GTE/SNET Payphone Coalition's Opposition to International Telecard Association's Petition for Partial Reconsideration to be served upon the parties on the attached service list by first-class mail; hand delivery indicated by asterisk.

  
Marilyn R. Leeland

FEDERAL COMMUNICATIONS COMMISSION  
Implementation of the Pay Telephone Reclassification and  
Compensation Provisions of the Telecommunications Act of 1996  
CC Docket No. 96-128, Second Report and Order

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